

Oil Sands

Media Monitoring Report

CanadaWest
FOUNDATION

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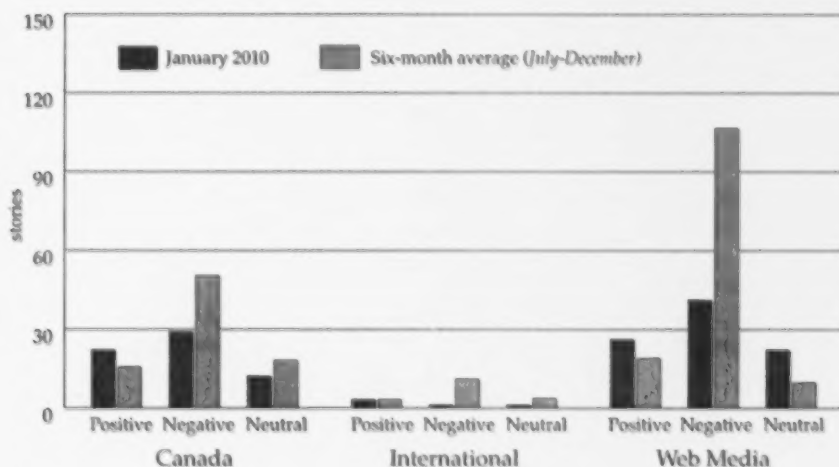
Monthly Overview

Last month, the United Nations conference on climate change in Copenhagen caused a massive surge in environmental coverage of the oil sands. A drop in environmental coverage in January seemed likely, but the size of the drop exceeded expectations. Negative environmental coverage fell past the six month average, hitting an eight month low. Economic coverage of the oil sands, on the other hand, was up, clearing the six month average in all categories. For the first time since this monitor began, economic coverage outnumbered environmental.

Economic coverage was primarily positive in January, with positive stories outnumbering negative and neutral stories combined in the Canadian and web media. Negative coverage was primarily driven by Royal Dutch Shell's decision to shift their focus from more capital-expensive projects such as the oil sands to exploration for conventional crude. Shell was alone in this decision, however, as four other companies accelerated their development of the oil sands, launching new projects and increasing investment.

Environmental coverage was more scattered in January. There were few trends of significance, but none received as much attention as the Copenhagen protests or any of the recent reports linking the oil sands to environmental damage. The most-reported environmental oil sands story was a report from the Conference Board of Canada which defends the oil sands from the "climate criminal" accusations that were so common in December.

Environmental Stories



Methodology

The media monitoring process used for this report made use of the Google search engine's Google Alerts feature. Each day, the Google engine searched the Internet for related stories and delivered the hits in an email. Three search terms were used to guide the internet searches: "oil sands," "oilsands" and "tar sands." The vast majority of sites criticising the oil sands use the more pejorative term "tar sands," so in order to receive a more complete snapshot of public opinion the term was included in the search. Also included in the search was the French term for oil sands, "sables bitumineux," in order to bring in stories from the French language media.

This process brought in several hundred items: once re-posts and stories not connected or only peripherally connected to the oil sands were weeded out, there remained a total of 341 stories over the course of January 2010. These stories were gathered from blogs, environmental and economic websites and media outlets reaching audiences around Canada and the world.

The stories were analyzed and broken into two categories: environmental and economic. Stories that portrayed the oil sands in a positive light through their contribution to the Canadian economy, value to energy security or advances in efficiency, or stories in which corporations and governments defend the development of the oil sands were classified as "positive." Stories whose focus was on the costs of oil sands development such as carbon emissions, water use, job loss or falling stock prices, or stories that called attention to such costs without also presenting the benefits of the oil sands were classified as "negative." Stories that discussed the oil sands without comment on their costs or benefits, or which discussed both equally, were classified as "neutral."

Key Stories

The top economic stories of January involve two companies with two opposite views on how to proceed with their oil sands projects.

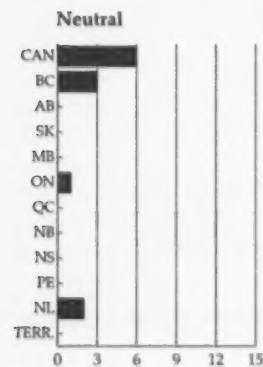
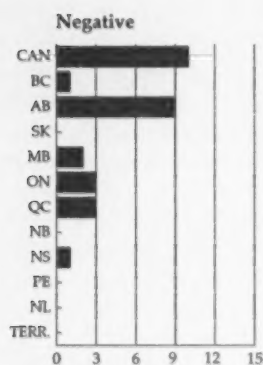
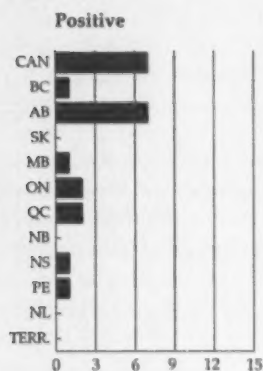
The most reported of the two stories involves Royal Dutch Shell. On January 25th, Shell CEO Peter Vosler announced in an interview with British newspaper the Financial Times that his company would be slowing down their expansion in Alberta's oil sands. Shell's new strategy will be to focus on exploration, not capital-intensive projects such as oil sands facilities. Shell intends to invest heavily in finding new sources of conventional crude and natural gas, and use those sources rather than bitumen to fuel the company's growth. The move was seen as unsurprising to analysts, as Shell has been inactive in regards to the oil sands for the last year. Shell has not abandoned the oil sands, but has scrapped plans to raise production to 700,000 barrels per day.

A handful of stories on this topic explained this move is Shell specific, and not indicative of a larger trend in the oil industry, but most merely reported that a major company, following repeated protests from environmentalists, was moving away from the oil sands and back to conventional sources. The stories denying a trend were classified as neutral, while the rest were negative. Coverage of Shell's decision accounted for half of the negative economic stories in January with 13 stories in web media, 10 in Canadian media and five international stories including the Financial Times interview that broke the story.

On the flip side is ConocoPhillips. Where Shell is cutting back on production and new projects, ConocoPhillips is moving forward with the second phase of their Surmount project, a steam-assisted gravity drainage facility. Construction on phase two is scheduled to begin in 2010 and is expected to begin production in 2015. Once online, this second phase will quadruple ConocoPhillips' output, raising them from 27,000 barrels per day to 110,000. While this was not the only oil sands expansion announced in January, its scale made it the most reported expansion and second most reported economic story in January. Like Shell, ConocoPhillips' expansion was covered 13 times online, but received less attention from traditional media with only three stories in Canada and one internationally (Scandinavian Oil and Gas Magazine).

January's top environmental story comes from the Conference Board of Canada. On January 12th, the Conference Board released *Getting the Balance Right: The Oil Sands, Exporting and Sustainability*, which promotes a balanced approach to climate change policy that targets both producers and consumers. More importantly, the report argues against assertions that the oil sands are Canada's worst carbon offender and that shutting down the oil sands is the key to beating climate change. The report suggests that protesters focus on the oil sands because they are an easy target. Protesting a handful of producers in a democratic nation is easier than targeting energy producers

Environmental Stories by Area (January 2010)



in more authoritative countries such as China or the OPEC nations. It is also easier to harangue oil companies than convince millions of consumers to use less oil, but as *Getting the Balance Right* states reducing demand for oil is just as important as cleaning up oil extraction. All stories on this report were positive, as the key message reported was that the oil sands should not be singled out as Canada's climate change villain.

Environmental Stories

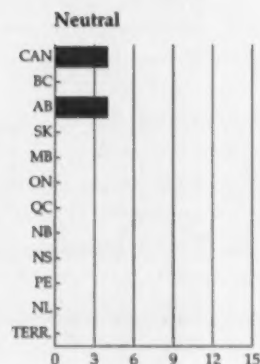
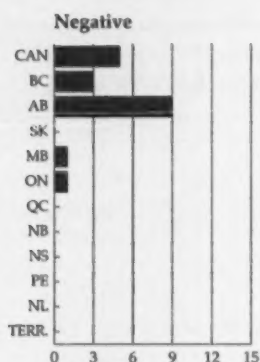
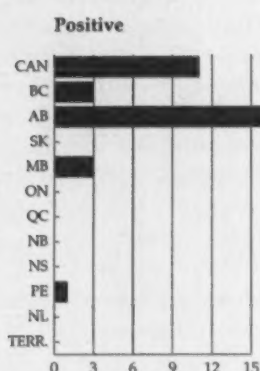
Negative environmental coverage dropped well below the six month average in all categories. Negative stories in the web media alone dropped 76% from December, falling to under half the six month average. Positive environmental stories, on the other hand, were above the six month average in the Canadian and internet media and tied it in the international media. That said, negative environmental stories still outnumbered positive.

Half of the neutral stories online were reposts of a single article. Written by Lorimer Wilson, founder of financial website MunKee.com, the article examines the "climate criminal" label attached to Canada and questions whether it is fair. Wilson's article is primarily a collection of quotations from other articles, gathering all sides of the debate over Canada's role in climate change policy. Beginning with George Monbiot's December article from London's *The Guardian*, in which he refers to Canada as a "corrupt petro-state," Wilson also includes insights on Canada's efforts towards carbon reductions. Quoted articles discuss how Canada's proposed emission cuts would result in a greater drop in emissions than the US or Europe and how Canada leads the world in researching carbon capture and storage technology. There are quotes from several articles explaining how Canadian carbon strategy will, by necessity, be designed to match that of the US, and how until the US has their policy in place Canada's will remain in limbo. The article was posted on 11 different websites. As it gave attention to both sides of the debate, all postings were considered neutral.

On January 15th, Liberal Leader Michael Ignatieff did a town hall meeting at Vancouver's University of British Columbia, one of a series of such events he had been doing on campuses across Canada. At the Vancouver town hall, approximately a dozen Greenpeace protesters interrupted by chanting "Stop the tar sands" and running onstage with anti-oil sands banners. After two minutes, Ignatieff responded to the protesters, stating that Canada has one of the largest oil reserves in the world and shutting down the development of that resource is neither in his power nor in the country's best interests. This story was covered five times in Canadian media, including the *National Post* and *Global television* in BC, and six times online. Stories on the protest and Ignatieff's subsequent defence of the oil sands were classified as neutral, due to equal coverage of Ignatieff's comments and the protest.

Since the Copenhagen conference, Quebec politicians have continued to take a stance against the oil sands. The province's Critic for Environment and Sustainable Development wrote a letter to the *Montreal Gazette* claiming that Quebec doesn't need the oil sands,

**Economic Stories by Area
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which was refuted by a letter from a reader the next day. More significant was the reaction to Quebec native Christian Paradis being appointed Minister for Natural Resources. Bloc Quebecois leader Gilles Duceppe attacked the appointment, claiming that by giving Paradis the Natural Resources portfolio the government was making him defend the oil sands "at the expense of the Quebec economy and the environment." Duceppe called Paradis the Prime Minister's "lackey in Quebec," and stated that it would be better to have no one from Quebec in the cabinet than have Paradis assigned to the oil sands. Save for one story in the *Globe and Mail*, coverage of Duceppe's comments was limited to Quebec.

Economic Stories

Shortly before Shell announced their intentions to scale back their involvement in the oil sands, a coalition of investors demanded that Shell disclose the investment risks of their oil sands projects. The story was primarily covered online, appearing on 13 different web sites. It was also covered in *The Guardian*. All coverage of this story was considered negative. While the investors' demand preceded Shell's reduction in oil sands activity by about a week, there have been no statements linking or suggesting a link between the demands and Shell's decision to refocus on conventional crude. In a related story, late in the month the US Securities and Exchange Commission ruled that all publicly traded companies must divulge climate change related risks and opportunities to their stockholders, meaning that the Shell investors' demands are becoming official US policy.

Mid-month Ron Liepert, the newly-sworn in Alberta Minister of Energy, made statements to reporters that the Alberta government would consider regulating the pace of oil sands development in order to prevent the inflation seen in the boom of 2006. Premier Stelmach was quick to deny these comments, assuring the media that there would be no change in the province's approach and no interfering with growth in the oil sands. Between Liepert's initial comments and Premier Stelmach's denial, this story was covered eight times through online media and eight times through Canadian print media and radio. Stories on Liepert's claims of forced growth limits were classified as negative, while Stelmach's comments to the contrary were classified as positive.

While Conoco's planned expansion received the most attention, several other companies announced plans to increase their involvement in the oil sands in January. Canadian Natural Resources greenlit two further projects and invested in a refinery outside of Edmonton. Husky Energy Inc. and BP Plc are moving forward on their joint Sunrise Oil Sands Project after cutting the cost by over \$1 billion. Enbridge is beginning construction on new pipelines to service Cenovus' site. Despite Shell reducing its oil sands operations and Nexen holding back on expansion until North American carbon policy is set, according to a story in the January 19th *Toronto Sun* this expanded activity means that overall oil sands production is expected to cut into demand for OPEC oil in 2010.

The approval of PetroChina's purchase into Alberta's oil sands continued to generate news in January. The federal government's approval of the deal was covered 13 times online and

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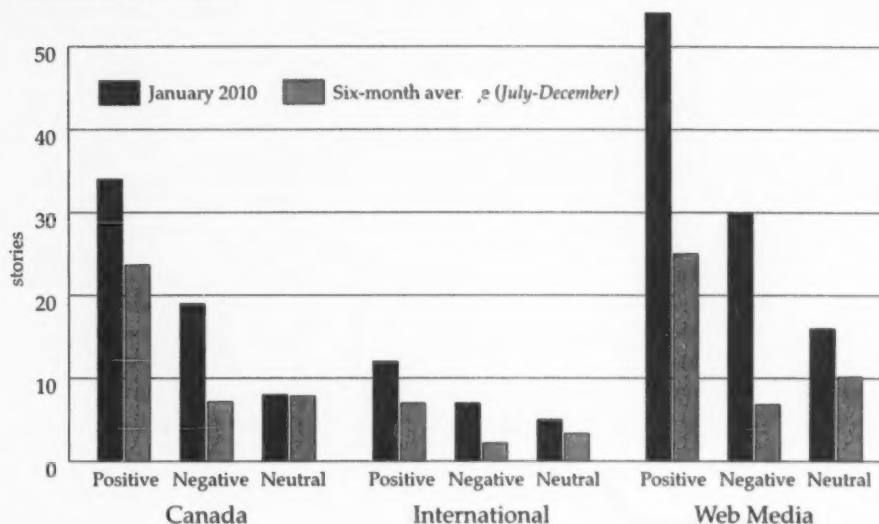
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Economic Stories



once in the Canadian Mining Journal. A further article in the New York Times questioned what the further implications of the deal might be. Most of the coverage was positive, save for the New York Times article, which was neutral. ■